| Date: 06/13/2002 | Time: 10am | Attendees: | Team/Organization | Distribution: |
|---|---|---|---|---|
| **Project Name:**<br><br>SFA Modernization Partner -- Loan Servicing/Loan Consolidation Black Belt | | Cindy Battle<br>Randy Bowman<br>Ramon Corrada<br>Paula Dyer<br>Lee Everett<br>La Teata Jackson<br>Dave Loewenstein<br>Marianne Newman<br>Mike Peregory<br>Allen Prodgers<br>Heather Stevens<br>Russell Trujillo | FSA<br>FSA<br>Accenture<br>FSA<br>FSA<br>FSA<br>Accenture<br>FSA<br>FSA<br>FSA<br>Accenture<br>FSA | Attendees<br>Project File |
| **Facilitator:**<br><br>Heather M. Stevens | | | | |
| **Telephone:**<br><br>(703) 947-2792 | | | | |

## Meeting Objective:

➢ To review and finalize the updated "As Is" process flows for LC and LS
➢ To begin discussing the process flows for the "To Be" suggestions

## Topics Discussed:

➢ **Loan Consolidation**

  o AS IS: Discussed existing issue of dischargeable loans going through the Consolidation process. Apparently, the loan holders are telling the borrowers to consolidate, rather than discharge. However, once the loan is booked onto Servicing, the discharge process is started (discharge application, payment history, refund processing, etc.).
    ▪ TO BE: Review the process of determining a loan is eligible for discharge…Look at adding into certification process.
  o AS IS: Discussed existing issue of defaulted/Forced ICR borrowers who consolidate but do not provide their alternative documentation of income (alt doc). As a result, they re-default and are sent back to DMCS.
    ▪ TO BE: Do not complete the consolidation process for a Defaulted/Forced ICR borrower until the Alt Doc has been provided.
  o AS IS: Discussed the current ICR waiver process. The borrower must send a form back to LC.
    ▪ TO BE: Allow ICR waiver to be e-signed, pending approval from IRS.
  o AS IS: The current PIN request process emails a borrower within 24-48 hours of the request. The email contains a phone number and password that the borrower can use to obtain their PIN. The PIN request process is at the end of the online consolidation process. As a result of the delays, the vast majority of borrowers do not eSign…even though they can save their consolidation application and return to the web site to submit within 30 days.
    ▪ TO BE: *(Improvement involves PIN contract, rather than LC, LS, or DMCS)*

- Option 1: Significantly reduce turnaround on PIN requests (emails).
- Option 2: Move eSign explanation, specifically PIN process, earlier on in the Consolidation process. May eliminate last minute delays that deter borrowers from eSign.
  - o AS IS: There are currently no edits to prevent a borrower from re-consolidating. Based on the upcoming interest rate changes, the consolidation volume is going to increase…however, these borrowers will not benefit from re-consolidating.
    - TO BE: Better education of borrowers, additional system edits.
  - o The only timeframe enforced on the consolidation process is 45 days of inactivity after LC has requested information (from the borrower or lender).
  - o Perform a review of the compliance with Treasury Regulations, specifically based upon the discussion of the check sent along with the SF1081 for collection costs (during the Funding and Booking process).
  - o Process Flow updates/comments:
    - Remove interface with IRS on Consolidation Application Process (slide 4). Waiver form is sent directly to LS with the booking file.
    - Review steps in process with "*"…should a note be present?
    - Split out types of electronic verification – flat files vs. floppy disk (certification process, slide 6).
    - Find out how SLMA (different branches) is aggregated during the certification process.
    - Find out if another Loan Summary Statement is sent if changes are received from the borrower (combined application/promissory note process, slide 7).
    - Remove redundancy on slide 7 with respect to the supporting documentation. Keep as a decision process. Include the check for a waiver for forced ICR.
    - Review flows for consistent verbiage, ex: mentions of system edits.
    - Include process for deposits and drawdowns.
    - Need clarification on funding process flow (funding and booking process, slide 9).
    - Need clarification on paper check/manifest process, specifically with respect to 3<sup>rd</sup> party checks and the bank involvement.

- ➢ **Loan Servicing**

  - o Process Flow updates/comments:
    - Include Discharge Disability Loan Servicing Center (DDLSC) in Initiate Loan Servicing. Feed into same flows as DCS Rehab/Recall Process (slide 4).
    - Update status codes on slide 5 to include In Military status.
    - Update Status 7x to "Transfer to DCS Pending or Cancellation in Progress".
    - Update Status 9x to "Transferred to DCS or Transferred to DDLSC or Paid-in-Full or Discharged".
    - Remove "Deferment to Repayment" from Convert Loans to Repayment Status step.
    - Slide 5 of Maintain Borrower/Loan Status reflects more of the process and events prior to Active Repayment. Slide 6 represents the repayment events.
    - Update slide 6 to feed the two ending branches into Terminate Loan Servicing (Paid-in-Full processing and Transfers to DCS).
    - Include DLSC on slide 7 – Produce Borrower Bills, to represent ad hoc and special letter fulfillment.
    - Feed different fulfillment centers back to the borrower.
    - Update Produce Borrower Bills, slide 8 to include Borrower Notification at top of flow (same data in borrower notification as in Bill Summary).
    - More appropriate to update Process Borrower Remittances to remove the Borrower. Payment processing applies to numerous sources, not just the borrower.
    - Update Process Remittances to include the processing of a Partial Cancellation. This occurs when correspondence is included with a borrower's billing coupon. This is part of the exception processing (prepayments, address changes).
    - Add DCS sending payments through the lockbox.
    - Modify "Consolidator" web sites to be "Aggregator" web sites.
    - Ensure Misapplied Payment processing is reflected accurately in the flow on slide 10. Allen Prodgers to contact Karen Smith (Payment Center).
    - Note the different tolerances/amounts for refund processing.
    - Include the Marketing process in Perform Customer Service flow, slide 12.

- Specify enrolments as part of "Service Borrower Accounts". Also include enrolment in electronic services as part of DLS Web site functionality.
- Group Co-maker with Endorser on the Maintain Data flow.
- Update Terminate Loan Servicing Step to replace Cancel with Discharge…Write-off and Discharge Loan Balances.
- NSLDS Conflict Resolution may come from another lender, not just the NSLDS submittal/report. Need to clarify in process flow.
  - o TO BE: Make EDA mandatory for delinquent borrowers at a certain stage of delinquency, ex: 120 days.
  - o TO BE: Resurrect student portal concept from 18-24 months ago. Included single page of helpful, valuable links.

- ➢ **Other**

  - o Started to review listing of "To Be" recommendations from prior meetings.
  - o Reviewed existing listings of Core Functions for LC, LS, and DMCS.
  - o Reviewed list of key integration points for the black belt and Common Services – Consistent Answers, PIN site, NSLDS Re-engineering, CMDM, COD

# Outstanding Items for Investigation:

| # | Item | Owner | Estimated Completion Date |
|---|------|-------|---------------------------|
| 1 | Obtain and review EVC file layout | D. Loewenstein/ B. Burns | 6/20/2002 |
| 2 | Review with Sybil existing efforts to include LC and DMCS data in the CMDM, as well as potential changes to the treatment of defaulted/Forced ICR borrowers. | H. Stevens | 6/21/2002 |
| 3 | *Other Action Items noted above* | Group | |
| 4 | | | |
| 5 | | | |